

STATE OF TENNESSEE
Department of Commerce and Insurance
500 James Robertson Parkway
Nashville, TN 37243-1131
PH - 615.532.5260, FX - 615.532.2788
brenda.meade@tn.gov
RECEIVED
Bill Farrell

REC'D BY JEFF SHAY
MAY 20 2011
ROUTE TO:
COPIES TO:

May 18, 2011

MAY 24 2011

State Farm Fire & Casualty Company
2500 Memorial Boulevard % Jeff Shay
Murfreesboro, TN 37131-0001
NAIC # 25143

Certified Mail
Return Receipt Requested
7010 2780 0001 2571 8711
Cashier # 3208

Re: Teresa Silcox V. State Farm Fire & Casualty Company

Docket # 8127

To Whom It May Concern:

Pursuant to Tennessee Code Annotated § 56-2-504 or § 56-2-506, the Department of Commerce and Insurance was served May 11, 2011, on your behalf in connection with the above-styled proceeding. Documentation relating to the subject is herein enclosed.

Brenda C. Meade
Designated Agent
Service of Process

Enclosures

cc: Circuit Court Clerk
Scott County
P O Box 330
Huntsville, Tn 37756

IN THE CIRCUIT COURT FOR SCOTT COUNTY, TENNESSEETERESA SILCOX,

Plaintiff

vs.

STATE FARM FIRE AND CASUALTY
COMPANY,

Defendant

CIVIL ACTION NO:

8127

To: STATE FARM FIRE AND CASUALTY COMPANY

SERVE: COMMISSIONER OF INSURANCE

You are hereby summoned and required to serve upon Charles B. Sexton, Plaintiff's attorney whose address is 425 Industrial Lane, P.O. Box 4187, Oneida, Tennessee, 37841, an answer to the Complaint which is herewith served upon you within (30) days after service of this summons upon you, exclusive of the day of service, and file a copy of the answer with this court within 5 days after answer is made. If you fail to do so, judgment by default will be taken against you for the relief demanded in the Complaint of said Court, at office the ___ Monday, in May, A.D., 2011.

Issued this 4 day of May, 2011.

Donnie Phillips
Clerk

By: Latosha Harris

Received this ___ day of May, 2011

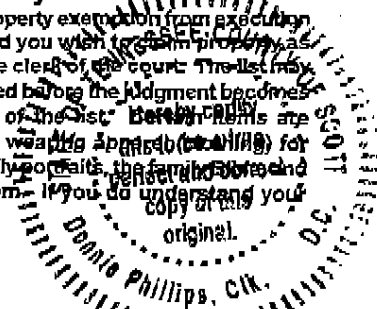
Sheriff-Deputy Sheriff

RETURN ON SERVICE OF SUMMONS

I hereby certify and return, that on the ___ day of May, 2011, I served this summons together with a copy of the Complaint as follows: _____

TO THE DEFENDANT(S): Tennessee law provides a four-thousand dollar (\$4,000.00) personal property exemption from execution or seizure to satisfy a judgment. If a judgment should be entered against you in this action and you wish to claim property as exempt, you must file a written list, under oath, of the items you wish to claim as exempt with the clerk of the court. The list may be filed at any time and may be changed by you thereafter as necessary; however, unless it is filed before the judgment becomes final, it will not be effective as to any execution or garnishment issued prior to the filing of the list. Certain items are automatically exempt by law and do not need to be listed; these include items of necessary wearing apparel (including for yourself and your family) and trunks or other receptacles necessary to contain such apparel, family portraits, the family Bible and school books. Should any of these items be seized you would have the right to recover them. If you do understand your exemption right or how to exercise it, you may wish to seek the counsel of a lawyer.

Sheriff-Deputy Sheriff



FILEDDATE: 5-4-11 TIME: 3:15 ^{PM}
DONNIE PHILLIPS, CLERK**IN THE CIRCUIT COURT FOR SCOTT COUNTY, TENNESSEE**
AT HUNTSVILLE**TERESA SILCOX,****Plaintiff****vs.****STATE FARM FIRE AND CASUALTY**
COMPANY,**Defendant**) **JURY OF TWELVE**
) **DEMANDED**
)
)) **CIVIL ACTION NO: 8127**
)
)
)
)**COMPLAINT**

Comes now the Plaintiff, Teresa Silcox, and sues the Defendant and for cause of action states as follows:

1. That she is a citizen and resident of Scott County, Tennessee, and resides at 150 Robert Boshears Private Lane, Huntsville, Tennessee.
2. That the Defendant, State Farm Fire and Casualty Company, is a mutual insurance company organized under the laws of the State of Illinois with its principal offices located in Bloomington, Illinois. It is licensed and authorized to do business in the State of Tennessee and does maintain an office at 2500 Memorial Boulevard, Murfreesboro, Tennessee 37131-0001.

3. That service of process may be served upon the Defendant by serving process upon the Tennessee Commissioner of Commerce and Insurance at 500 James Robertson Parkway, Nashville, Tennessee 37243-1131.

4. Defendant, by and through its agent, Roger Ray Baldwin, did issue for a valuable consideration to Plaintiff a policy of insurance, bearing Policy No: 42-KQ-4700-8 effective July 31st, 2010, through July 31, 2011, providing among other things, insurance coverage for fire and other perils, in accordance with the policy provision upon the frame house owned by Plaintiff and located at 150 Robert Boshears Private Lane, Huntsville, Scott County, Tennessee.

That prior to January 12th, 2011, Plaintiff was the owner of the real property hereinafter described and on which set a frame house in which she resided.

Plaintiff's real property is recorded in Warranty Deed Book 231, at Page 134, in the Register's Office of Scott County, at Huntsville, Tennessee, and more particularly described as follows:

"Located in the First (1st) Civil District of Scott County, Tennessee, being in the Fairview community, lying on the east R/W of the Norma Road, Being approximately 0.4 miles southward of the intersection of said road with State Highway 63, and identified on the records of the Scott County Tax Assessor as Map 106, Parcel 21.06, and more fully described as follows:

BEGINNING on an iron pin in the fence, being in the common line of Grantor and James Hutson, and being a common corner of Lot E-7 and Lot E-6; thence running with said fence and James Hutson line S 67 deg. 51' 08" W 33.61' to a 14" white oak; thence S 57 deg. 33'05" W 22.23' to a 12" white oak; thence S 68 deg. 50'02" W 128.61' to a 12" maple on the easternmost corner of Lot E-8; thence leaving said fence and Jams Hutson line and running with Lot E-8 N 33 deg. 42'09" W 371.24' to an iron pin in

the south line of Lot E-1; thence running with Lot E-1 N 63 deg. 45'27" E 102.00' to an iron pin in the west R/W of a 20 foot road right-of-way easement and being a common corner of Lot E-4; thence running with said 20 foot road right-of-way and Lot E-4 S 36 deg. 03'48" E 35.24' to a spike; thence N 83 deg. 24'21" E 55.61' to an iron pin, being a common corner of Lot E-7, Lot E-4 and Lot E-6; thence continuing with said 20' road right-of-way and running with Lot E-6 S 66 deg. 48'32" E 29.45' to an iron pin; thence S 36 deg. 01'54" E passing an iron pin on the southernmost corner of said R/W at 186.98', a total of 308.17' to the beginning. Containing 1.43 acres, more or less. Being Parcel E-7 of the plat recorded in Plat Cabinet B, at Slide 130 in the Office of the Scott County Register.

Also conveying permanent, perpetual and non-exclusive use of the 10 foot road right-of-way easement, leading from the Norma Road to the above-described 1.43 acre tract as more fully described on the plat contained in Plat Cabinet B, at Slide 130 in the Office of the Scott County Register."

Plaintiff's deed is attached hereto and designated as Plaintiff's "Attachment #1".

5. That the insurance policy hereinabove referred and issued by the Defendant was to run for a term of one year. A copy of said policy of insurance is attached hereto and designated as Plaintiff's "Attachment #2", a copy of the Declaration of Coverage is attached hereto and designated as "Attachment #3".

6. That Plaintiff had been a regular subscriber for insurance with the Defendant for several years prior to January 12th, 2011, and had granted the Defendant permission to draft her checking account at the First Trust & Savings Bank in Oneida, Tennessee, for premiums due. The drafting of her account by the Defendant for her homeowner's insurance premium continued through July 30th, 2010. Plaintiff alleges that the First Trust & Savings Bank, by and through its agents, issued its cashiers' check dated

September 3rd, 2010, in the amount of \$1,398.34 in payment of the annual premium on her behalf. The First Trust & Savings Bank was a mortgagee under Defendant's policy issued to the Plaintiff.

7. On or about January 12th, 2011, Plaintiff's house and contents were destroyed by fire. She timely reported the fire loss, and subsequently received a letter dated January 19th, 2011, from Andrea Conley, Claims Representative of the Defendant. The Defendant advised that the homeowner's policy was not in force on the date of the loss and had been cancelled as of December 3rd, 2010, and denied the claim.

8. That between the dates of July 30th, 2010, and the date of the loss of January 12th, 2011, neither she nor any agent of the First Trust & Savings Bank received any notice from the Defendant that her homeowner's policy had been cancelled for any reason.

Plaintiff avers that it was only after she made a request of the Defendant after her fire loss that she received computer generated copies of alleged Notices of Cancellation.

9. Plaintiff has requested from Defendant claim forms to submit to substantiate her losses, has made a formal demand for payment for the losses, but as of the date of the filing of this Complaint, she has receive no response.

10. That from and after the date the First Trust & Savings Bank made the payment to the Defendant for the annual premium of the homeowner's policy, Plaintiff has not received any notice of cancellation or any other correspondence in writing or verbally until after the date of the fire loss herein complained of. Plaintiff further avers upon information and belief, the mortgagee, First Trust & Savings Bank, received no notices of

any kind from the Defendant after it made the payment of the insurance premium on Plaintiff's behalf.

11. That as hereinabove stated, the Defendant issued Plaintiff its homeowner's policy, being Policy No: 42-KQ-4700-8, and which policy was a contract of insurance which was in force and effect on the date of the loss, with the insurance premium having been paid, and was an obligating, existing contract at the time of Plaintiff's aforesaid fire loss; and that the Defendant has failed and refused to pay the Plaintiff the amount due to be paid under the terms of said policy.

12. Plaintiff avers that Defendant breached the policy, including the implied covenant of good faith, by refusing to honor the policy.

13. Plaintiff avers that Defendant's breach of contract involved fraud and oppression, and that a substantial award of punitive damages are necessary and appropriate to punish and to deter such conduct in the future, see Bryson v. Bramlett, 321 S.W. 2nd 555, (Tenn. 1958).

14. Plaintiff sues Defendant pursuant to T.C.A. §56-7-105 for bad faith denial of an insurance claim, in an amount equal to 25% of Defendant's liability under the policy.

15. Plaintiff avers that Defendant engages in "trade" and "commerce" and that an insurance policy is a "consumer transaction" within the meaning of T.C.A. §47-18-103(9).

16. Plaintiff avers that the Defendant engaged in unfair and deceptive acts and practices in violation of T.C.A. §47-18-104(a) and 104(b) and paragraph (27), in that Defendant denied coverage under the policy in bad faith.

17. Pursuant to T.C.A. §47-18-109(a)(1) Defendant is liable to Plaintiff for actual damages.

18. Pursuant to T.C.A. §47-18-109(a)(3), Defendant is liable to Plaintiff for treble damages for its willful and knowing violation of the Tennessee Consumer Protection Act.

19. Pursuant to T.C.A. §47-18-109(c)(4)(e)(1), Defendant is liable for Plaintiff's attorney fees and costs.

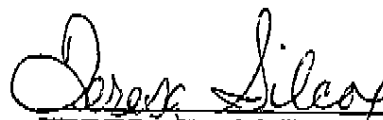
20. That under the terms of Policy No: 42-KQ-4700-8 issued by the Defendant and in force at the time that the residential property and contents were destroyed, the insurance policy was to pay to the insured for physical loss or damage to the residence and the contents; that the Plaintiff's personal property, insured by the Defendant, was damaged beyond repair or salvage and had a replacement due in excess of the policy limits. That the Plaintiff's residence, insured by the Defendant, was damaged beyond repair or salvage.

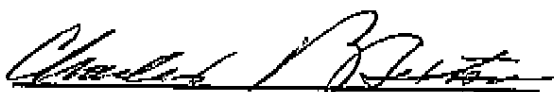
PREMISES CONSIDERED, Plaintiff makes the following demands, to-wit:

1. That process issue and be served upon the Defendant through the Commissioner of Commerce and Insurance, requiring the Defendant to answer this Complaint, without verification.

2. That the Plaintiff have Judgment for breach of contract by the Defendant for the policy limits under Policy No: 42-KQ-4700-8 .
3. That Plaintiff be awarded pre-judgment interest on any judgment awarded her against the Defendant for the period from and after January 13th, 2011, until the date of entry of judgment on the Complaint herein.
4. That Plaintiff be awarded judgment against the Defendant for actual damages, treble damages, attorney fees and costs, pursuant to the Consumer Protection Act.
5. That Plaintiff be awarded judgment against the Defendant for punitive damages in an amount not to exceed Five Thousand (\$5,000.00) Dollars.
6. That Plaintiff have such other, further and general relief to which she may be entitled.
7. That this cause be tried by a Jury of twelve.

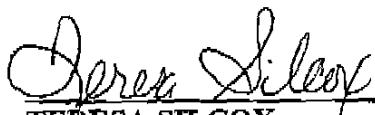
Respectfully submitted:



TERESA SILCOX,
Plaintiff

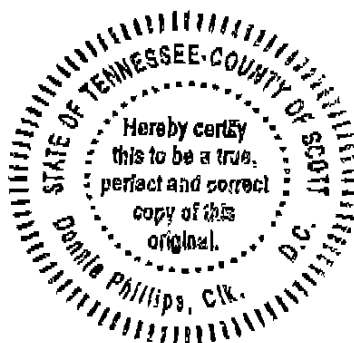

CHARLES B. SEXTON, BPR #000932
C. PATRICK SEXTON, BPR #021683
Attorneys for Plaintiff
P. O. Box 4187
Oneida, TN 37841
PH: 423-569-8341

COST BOND

We acknowledge ourselves good for all costs in this cause not to exceed the sum of Five Hundred (\$500.00) Dollars.


TERESA SILCOX,
Principal


Charles B. Sexton, Attorney
Sexton, Sexton & Kazee, P.C.
Surety



23/134

This Instrument Prepared By:
Law Offices Of
COTTON & COOPER
An Association of Attorneys
P.O. Box 4658
19481 Alberta Street
Onelda, Tennessee 37841

Attachment #1

QUITCLAIM DEED

THIS QUITCLAIM DEED formerly dated on the date entered in the notary provision last-executed by the grantor(s) and appearing at the foot of this instrument, by and between the following parties:

GRANTOR(S):

GARY MICHAEL ACRES (hereafter referred to as "Grantor"), and

GRANTEE(S):

TERESA COLLETTE ACRES NEWPORT (hereafter referred to as "Grantee"),

WITNESSETH:

That for and in consideration of the sum of One (\$1.00) Dollar, and other good and valuable consideration not expressly described herein but the receipt, sufficiency and adequacy of which is hereby acknowledged by Grantor in all respects, the Grantor hereby releases, transfers and QUIT-CLAIMS to the Grantee, and Grantee's heirs, successors and assigns, all of its claims, rights, title, estate and other ownership interests of every nature and kind in the real property hereinafter described, with the expressed intent of Grantor hereby forever and fully releasing and waiving all claims or interest in homestead, dower, curtesy, elective share or other spousal claims or interest, if any and as applicable to the Grantor, but this deed being made without any warranties, representations or covenants whatsoever, with the real property which is the subject of this deed being more particularly described as follows:

NAME/ADDRESS OF PROPERTY OWNER:

Teresa Collette Acres Newport
150 Robert Bushears Pvt. Lane
Huntsville, TN 37756

SEND TAX BILL TO:

Teresa Collette Acres Newport
150 Robert Bushears Pvt. Lane
Huntsville, TN 37756

TAX ASSESSMENT DATA: [Pursuant to Tenn. Code Ann. § 66-24-121]: District 1, Map 186, Parcel 21.06

Located in the First (1st) Civil District of Scott County, Tennessee, being in the Fairview community, lying on the east R/W of the Norma Road, being approximately 0.4 miles southward of the intersection of said road with State Highway 63, and identified on the records of the Scott County Tax Assessor as Map 106, Parcel 21.06, and more fully described as follows:

BEGINNING on an iron pin in the fence, being in the common line of Grantor and James Hutson, and being a common corner of Lot E-7 and Lot E-8; thence running with said fence and James Hutson line S 67 deg. 51' 08" W 33.61' to a 14" white oak; thence S 57 deg. 33' 05" W 22.23' to a 12" white oak; thence S 68 deg. 50' 02" W 128.61' to a 12" maple on the easternmost corner of Lot E-8; thence leaving said fence and James Hutson line and running with Lot E-8 N 33 deg. 42' 09" W 371.24' to an iron pin in the south line of Lot E-1; thence running with Lot E-1 N 63 deg. 45' 27" E 102.00' to an iron pin in the west R/W of a 20 foot road right-of-way easement and being a common corner of Lot E-4; thence running with said 20 foot road right-of-way and Lot E-4 S 36 deg. 03' 48" E 35.24' to a spike; thence N 83 deg. 24' 21" E 55.61' to an iron pin, being a common corner of Lot E-7, Lot E-4 and Lot E-6; thence continuing with said 20' road right-of-way and running with Lot E-6 S 66 deg. 48' 32" E 29.45' to an iron pin; thence S 36 deg. 01' 54" E passing an iron pin on the southernmost corner of said R/W at 186.98', a total of 308.17' to the beginning. **Containing 1.43 acres, more or less.** Being Parcel E-7 of the plat recorded in Plat Cabinet B, at Slide 130 in the Office of the Scott County Register.

Also conveying permanent, perpetual and non-exclusive use of the 10 foot road right-of-way easement, leading from the Norma Road to the above-described 1.43 acre tract as more fully described on the plat contained in Plat Cabinet B, at Slide 130 in the Office of the Scott County Register.

DERIVATION: Being the same property described in an Administrator's Deed dated June 10, 1997, conveyed from the Estate of Hazel Boshears to Gary M. and Teresa Acres, as recorded in Deed Book 215, at page 705 on June 23, 1997 at 11:50 a.m. See also the Final Decree of Divorce in the case styled Teresa Collette Acres v. Gary Michael Acres (Scott County Circuit Court Case No. 5105) entered on January 22, 1999, in which Teresa Collette Acres (who is, by marriage, the same person known as Teresa C. Newport) was vested with sole and exclusive ownership of the above-described Property, and Gary Michael Acres was divested of all rights, title and interest in the same.

The drafters of this deed, by virtue of its preparation, make no representations whatsoever regarding the status of title, encroachments, acreage, easements or other access, or the accuracy of the boundary calls for the real property described herein; this instrument was prepared solely from the directions, metes and bounds description and/or other information provided by the grantor(s) and grantee(s) named in this deed.

136

IN WITNESS WHEREOF, the Grantor has executed this Quitclaim Deed
on the date entered in the notary provision appearing below.

Gary Michael Acres
Gary Michael Acres

STATE OF TENNESSEE)
COUNTY OF SCOTT) ss.

Personally appeared before me, Yvonne Strunk, a Notary Public of said County and State, Gary Michael Acres, the within named bargainor, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that he executed the within instrument for the purposes therein contained.

Witness my hand, at office, this 27th day of November, 2000.

Yvonne Strunk
Notary Public
My commission expires: 7-25-01
STATE OF TENNESSEE)
COUNTY OF SCOTT) ss.

I hereby swear or affirm that the actual consideration for this transfer or value of the property transferred, whichever is greater, is \$ 0, which amount is equal to or greater than the amount which the property transferred would command at a fair, voluntary sale.

Terese Acres Newport
Affiant

Subscribed and sworn to before me
this 27th day of November, 2000.

Yvonne Strunk
Notary Public
My commission expires: 7-25-01
STATE OF TENNESSEE)
COUNTY OF SCOTT) ss.

STATE OF TENNESSEE, SCOTT COUNTY

Received November 29, 2000 at 10:54 A.M.
and recorded in Deed Book 231 Page 134
and entered in Note Book m Page 370
State Tax \$ — Fee — Recording Fee \$ 12.00
Data Fee 2.00 Total \$ 14.00 Receipt No. 43247

Patricia B. Rector, Jr.
By: B. B. R. Registrar

FP-7855 KT
(4/87)

Attachment #2



HOMEOWNERS

PROTECTION



This policy is one of the broadest forms available today, and provides you with outstanding value for your insurance dollars. However, we want to point out that every policy contains limitations and exclusions. Please read your policy carefully, especially "Losses Not Insured" and all exclusions.

FP-7955 KT
(4/87)

COVER SHEET

This cover sheet provides a convenient summary of the policy provisions.

Your policy, including the endorsements and the attached papers, if any, constitutes a legal contract of insurance between you and us.

READ YOUR POLICY CAREFULLY. This cover sheet provides only a brief outline of some of the important features of your policy. This is not the insurance contract and only the actual policy provisions will control. The policy itself sets forth, in detail, the rights and obligations of both you and your insurance company. **IT IS THEREFORE IMPORTANT THAT YOU READ YOUR POLICY.**

INDEX OF MAJOR PROVISIONS

	Begins on Page
DECLARATIONS	
Your Name	
Location of Your Residence	
Policy Period	
Coverages	
Limits of Liability	
Deductibles	
Declarations Page	
DECLARATIONS CONTINUED	1
DEFINITIONS	1
SECTION I - YOUR PROPERTY COVERAGES	3
Coverage A - Dwelling	3
Coverage B - Personal Property	3
Coverage C - Loss of Use	4
Additional Coverages	5
Inflation Coverage	7
LOSSES INSURED	7
LOSSES NOT INSURED	9
LOSS SETTLEMENT	11
CONDITIONS	13
SECTION II - YOUR LIABILITY COVERAGES	15
Coverage L - Personal Liability	15
Coverage M - Medical Payments to Others	15
Additional Coverages	16
EXCLUSIONS	18
CONDITIONS	18
SECTION I AND SECTION II - CONDITIONS	19
OPTIONAL POLICY PROVISIONS	20

Includes copyrighted material of State Farm Fire and Casualty Company.
Copyright, State Farm Fire and Casualty Company, 1983.

Printed in U.S.A.

FP-7955 KT
(4/97)

SECTION I - COVERAGES

COVERAGE A - DWELLING

1. Dwelling. We cover the dwelling used principally as a private residence on the residence premises shown in the Declarations.

Dwelling includes:

- structures attached to the dwelling;
- materials and supplies located on or adjacent to the residence premises for use in the construction, alteration or repair of the dwelling or other structures on the residence premises;
- foundation, floor slab and footings supporting the dwelling; and
- wall-to-wall carpeting attached to the dwelling.

2. Dwelling Extension. We cover other structures on the residence premises, separated from the dwelling by clear space. Structures connected to the dwelling by only a fence, utility line, or similar connection are considered to be other structures.

We do not cover other structures:

- not permanently attached to or otherwise forming a part of the realty;
- used in whole or in part for business purposes; or
- rented or held for rental to a person not a tenant of the dwelling, unless used solely as a private garage.

3. Property Not Covered. We do not cover:

- land, including the land necessary to support any Coverage A property;
- any costs required to replace, rebuild, stabilize, or otherwise restore the land; or
- the costs of repair techniques designed to compensate for or prevent land instability to any property, whether or not insured under Coverage A.

COVERAGE B - PERSONAL PROPERTY

1. Property Covered. We cover personal property owned or used by an insured while it is anywhere in the world. This includes structures not permanently attached to or

otherwise forming a part of the realty. At your request, we will cover personal property owned by others while the property is on the part of the residence premises occupied exclusively by an insured. At your request, we will also cover personal property owned by a guest or residence employee, while the property is in any other residence occupied by an insured.

We cover personal property usually situated at an insured's residence, other than the residence premises, for up to \$1,000 or 10% of the Coverage B limit, whichever is greater. This limitation does not apply to personal property in a newly acquired principal residence for the first 30 days after you start moving the property there. The residence premises is a newly acquired principal residence, personal property in your immediate principal residence is not subject to this limitation for the first 30 days after the inception of this policy.

Special Limits of Liability. These limits do not increase the Coverage B limit. The special limit for each of the following categories is the total limit for each loss for property in that category:

- \$200 on money, coins and medals, including any of these that are a part of a collection, and bank notes;
- \$1,000 on property used or intended for use in business, including merchandise held as samples or for sale or for delivery after sale, while on the residence premises. This coverage is limited to \$250 on such property away from the residence premises.
- Electronic data processing system equipment or the recording or storage media used with that equipment is not included under this coverage;
- \$1,000 on securities, checks, cashier's checks, traveler's checks, money orders and other negotiable instruments, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, passports and tickets;
- \$1,000 on watercraft of all types and outboard motors, including their trailers, furnishings and equipment;
- \$1,000 on trailers not used with watercraft;

1. \$2,500 on stamps, trading cards and comic books, including any of these that are a part of a collection;
 - g. \$2,500 for loss by theft of firearms;
 - h. \$2,500 for loss by theft of silverware and goldware;
 - i. \$5,000 on electronic data processing system equipment and the recording or storage media used with that equipment. There is no coverage for said equipment or media while located away from the residence premises except when said equipment or media are removed from the residence premises for the purpose of repair, servicing or temporary use. An insured student's equipment and media are covered while at a residence away from home; and
 - j. \$5,000 on any one article and \$10,000 in the aggregate for loss by theft of any rug, carpet (except wall-to-wall carpet), tapestry, wall-hanging or other similar article.
2. **Property Not Covered.** We do not cover:
- a. articles separately described and specifically insured in this or any other insurance;
 - b. animals, birds or fish;
 - c. any engine or motor propelled vehicle or machine, including the parts, designed for movement on land. We do cover those not licensed for use on public highways which are:
 - (1) used solely to service the insured location; or
 - (2) designed for assisting the handicapped;
 - d. devices or instruments for the recording or reproduction of sound permanently attached to an engine or motor propelled vehicle. We do not cover tapes, wires, records or other mediums that may be used with these devices or instruments while in the vehicle;
 - e. aircraft and parts;
 - f. property of roomers, boarders, tenants and other residents not related to an insured. We do cover property of roomers, boarders and other residents related to an insured;
 - g. property regularly rented or held for rental to others by an insured. This exclusion does not apply to

property of an insured in a sleeping room rented to others by an insured;

- h. property rented or held for rental to others away from the residence premises;

- i. any citizens band radios, radio telephones, radio transceivers, radio transmitters, radar or laser detectors, antennas and other similar equipment permanently attached to an engine or motor propelled vehicle;

- j. books of account, abstracts, drawings, card index systems and other records. This exclusion does not apply to any recording or storage media for electronic data processing. We will cover the cost of blank books, cards or other blank material plus the cost of labor you incur for transcribing or copying such records; or

- k. recording or storage media for electronic data processing that cannot be replaced with other of like kind and quality on the current retail market.

COVERAGE C - LOSS OF USE

1. **Additional Living Expense.** When a loss insured causes the residence premises to become uninhabitable, we will cover the necessary increase in cost you incur to maintain your standard of living for up to 24 months. Our payment is limited to incurred costs for the shortest of: (a) the time required to repair or replace the premises; (b) the time required for your household to settle elsewhere; or (c) 24 months. This coverage is not reduced by the expiration of this policy.

2. **Fair Rental Value.** When a loss insured causes that part of the residence premises rented to others or held for rental by you to become uninhabitable, we will cover its fair rental value. Payment shall be for the shortest time required to repair or replace the part of the premises rented or held for rental, but not to exceed 12 months. This period of time is not limited by expiration of this policy. Fair rental value shall not include any expense that does not continue while that part of the residence premises rented or held for rental is uninhabitable.

3. **Prohibited Use.** When a civil authority prohibits your use of the residence premises because of direct damage to a neighboring premises by a loss insured, we will cover any resulting Additional Living Expense and Fair Rental

Value. Coverage is for a period not exceeding two weeks while use is prohibited.

We do not cover loss or expense due to cancellation of a lease or agreement.

SECTION I - ADDITIONAL COVERAGES

The following Additional Coverages are subject to all the terms, provisions, exclusions and conditions of this policy.

1. **Debris Removal.** We will pay the reasonable expenses you incur in the removal of debris of covered property damaged by a Loss Insured. This expense is included in the limit applying to the damaged property.

When the amount payable for the property damage plus the debris removal exceeds the limit for the damaged property, an additional 5% of that limit is available for debris removal expense. This additional amount of insurance does not apply to Additional Coverage, Item 3, Trees, Shrubs and Other Plants.

We will also pay up to \$500 in the aggregate for each loss to cover the reasonable expenses you incur in the removal of free debris from the residence premises when the tree has caused a Loss Insured to Coverage A property.

2. **Temporary Repairs.** If damage is caused by a Loss Insured, we will pay the reasonable and necessary cost you incur for temporary repairs to covered property to protect the property from further immediate damage or loss. This coverage does not increase the limit applying to the property being repaired.

3. **Trees, Shrubs and Other Plants.** We cover: outdoor trees, shrubs, plants or lawns, on the residence premises, for direct loss caused by the following: Fire or lightning, Explosion, Riot or civil commotion, Aircraft, Vehicles (not owned or operated by a resident of the residence premises), Vandalism or malicious mischief or Theft.

The limit for this coverage, including the removal of debris, shall not exceed 5% of the amount shown in the Declarations for COVERAGE A - DWELLING. We will not pay more than \$500 for any one outdoor tree, shrub or plant, including debris removal expense. This coverage may increase the limit otherwise applicable. We do not cover property grown for business purposes.

4. **Fire Department Service Charge.** We will pay up to \$500 for your liability assumed by contract or agreement for the department charges. This means charges incurred when the fire department is called to save or protect covered property from a Loss Insured. No deductible applies to this coverage. This coverage may increase the limit otherwise applicable.

5. **Property Removed.** Covered property, while being removed from a premises endangered by a Loss Insured, is covered for any accidental direct physical loss. This coverage also applies to the property for up to 30 days while removed. We will also pay for reasonable expenses incurred by you for the removal and return of the covered property. This coverage does not increase the limit applying to the property being removed.

6. **Credit Card, Bank Fund Transfer Card, Forgery and Counterfeit Money.**

a. We will pay up to \$1,000 for:

(1) the legal obligation of an insured to pay because of the theft or unauthorized use of credit cards and bank fund transfer cards issued to or registered in an insured's name, if an insured has not complied with all terms and conditions under which the cards are issued, we do not cover use by an insured or anyone else;

(2) loss to an insured caused by forgery or alteration of any check or negotiable instrument; and

(3) loss to an insured through acceptance in good faith of counterfeit United States or Canadian paper currency.

No deductible applies to this coverage.

We will not pay more than the limit stated above for forgery or alteration committed by any one person. This limit applies when the forgery or alteration involves one or more instruments in the same loss.

b. We do not cover loss arising out of business pursuits or dishonesty of an insured.

c. **Defense:**

(1) We may make any investigation and settle any claim or suit that we decide is appropriate. Our obligation to defend claims or suits ends when

the amount we pay for the loss equals our limit of liability.

(2) If claim is made or a suit is brought against an insured for liability under the Credit Card or Bank Fund Transfer Card coverage, we will provide a defense. This defense is at our expense by counsel of our choice.

(3) We have the option to defend at our expense an insured or an insured's bank against any suit for the enforcement of payment under the Forestry coverage.

7. **Power Interruption.** We cover accidental direct physical loss caused directly or indirectly by a change of temperature which results from power interruption that takes place on the residence premises. The power interruption must be caused by a loss insured occurring on the residence premises. The power lines off the residence premises must remain energized. This coverage does not increase the limit applying to the damaged property.

B. **Refrigerated Products.** Coverage B is extended to cover the contents of deep freeze or refrigerated units on the residence premises for loss due to power failure or mechanical failure. If mechanical failure or power failure is known to you, all reasonable means must be used to protect the property insured from further damage or this coverage is void. Power failure or mechanical failure shall not include:

- a. removal of a plug from an electrical outlet, or
- b. burning off an electrical switch unless caused by a loss insured.

This coverage does not increase the limit applying to the damaged property.

9. **Arson Reward.** We will pay \$1,000 for information which leads to an arson conviction in connection with a fire loss to property covered by this policy. This coverage may increase the limit otherwise applicable. However, the \$1,000 limit shall not be increased regardless of the number of persons providing information.

10. **Volcanic Action.** We cover direct physical loss to a covered building or covered property contained in a building resulting from the eruption of a volcano when the loss is directly and immediately caused by:

- a. volcanic blast or airborne shock waves;
- b. ash, dust or particulate matter; or
- c. lava flow.

We will also pay for the removal of that ash, dust or particulate matter which has caused direct physical loss to a covered building or covered property contained in a building.

One or more volcanic eruptions that occur within a 72-hour period shall be considered one volcanic eruption.

This coverage does not increase the limit applying to the damaged property.

11. **Collapse.** We insure only for direct physical loss to covered property involving the sudden, entire collapse of a building or any part of a building.

Collapse means actually fallen down or fallen into pieces. It does not include settling, cracking, shrinking, bulging, expansion, sagging or bowing.

The collapse must be directly and immediately caused only by one or more of the following:

- a. perils described in SECTION I - LOSSES INSURED, COVERAGE B - PERSONAL PROPERTY. These perils apply to covered building and personal property for loss insured by this Additional Coverage;

- b. hidden decay of a supporting or weight-bearing structural member of the building;

- c. hidden insect or vermin damage to a structural member of the building;

- d. weight of contents, equipment, animals or people;

- e. weight of ice, snow, sleet or rain which collects on a roof; or

- f. use of defective material or methods in the construction (includes remodeling or renovation) of the building, if the collapse occurs during the course of the construction of the building.

Loss to an awning, fence, patio, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under items b., c., d., e. and f. unless the

loss is the direct and immediate cause of the collapse of the building.

This coverage does not increase the limit applying to the damaged property.

12. **Locks.** We will pay the reasonable expenses you incur to re-key locks on exterior doors of the dwelling located on the residence premises, when the keys to those locks are a part of a covered theft loss.

No deductible applies to this coverage.

INFLATION COVERAGE

The limits of liability shown in the Declarations for Coverage A, Coverage B and, when applicable, Option ID will be

SECTION I - LOSSES INSURED

COVERAGE A - DWELLING

We insure for accidental direct physical loss to the property described in Coverage A, except as provided in SECTION I - LOSSES NOT INSURED.

COVERAGE B - PERSONAL PROPERTY

We insure for accidental direct physical loss to property described in Coverage B caused by the following perils, except as provided in SECTION I - LOSSES NOT INSURED:

1. **Fire or lightning.**
2. **Windstorm or hail.** This peril does not include loss to property contained in a building caused by rain, snow, steel, sand or dust. This limitation does not apply when the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, steel, sand or dust enters through this opening.
3. **Explosion.**
4. **Pilot or civil commotion.**
5. **Aircraft, including self-propelled missiles and spacecraft.**

increased at the same rate as the increase in the Inflation Coverage Index shown in the Declarations.

To find the limits on a given date:

1. divide the index on that date by the index as of the effective date of this Inflation Coverage provision; then
2. multiply the resulting factor by the limits of liability to Coverage A, Coverage B and Option ID separately.

The limits of liability will not be reduced to less than the amounts shown in the Declarations.

If during the term of this policy the Coverage A limit of liability is changed at your request, the effective date of this Inflation Coverage provision is changed to coincide with the effective date of such change.

SECTION I - LOSSES INSURED

6. **Vehicles,** meaning impact by a vehicle.

7. **Smoke,** meaning sudden and accidental damage from smoke.

This peril does not include loss caused by smoke from agricultural smudging or industrial operations.

8. **Vandalism or malicious mischief,** meaning only willful and malicious damage to or destruction of property.

9. **Theft,** including attempted theft and loss of property from a known location when it is probable that the property has been stolen.

This peril does not include:

- a. loss of a precious or semi-precious stone from its setting;
- b. loss caused by theft.

(1) committed by an insured or by any other person regularly residing on the insured location. Property of a student who is an insured is covered while located at a residence away from home, if the theft is committed by a person who is not at insured.

(2) in or to a dwelling under construction or of materials and supplies for use in the construction unit, if the dwelling is completed and occupied, or

11. We

pro

the initiator (3) from the part of a residence premises rented to others:

- (a) caused by a tenant, members of the tenant's household, or the tenant's employees;
- (b) of money, bank notes, bullion, gold, goldware, silver, silverware, pewterware, platinum, coins and medals;

liability to No. 8194
an the
it of liability
its initiator
re effective

- (c) of securities, checks, cashier's checks, traveler's checks, money orders and other negotiable instruments, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, passports, tickets and stamps; or
- (d) of jewelry, watches, fur garments and garments trimmed with fur, precious and semi-precious stones;

c. loss caused by theft that occurs away from the residence premises of:

- (1) property while at any other residence owned, rented to, or occupied by an insured, except while an insured is temporarily residing there. Property of a student who is an insured is covered while at a residence away from home;

- (2) watercraft of all types, including their furnishings, equipment and outboard motors; or

- (3) trailers and campers designed to be pulled by or carried on a vehicle.

If the residence premises is a newly acquired principal residence, property in the immediate past principal residence shall not be considered property away from the residence premises for the first 30 days after the inception of this policy.

10. Falling objects. This peril does not include loss to property contained in a building unless the roof or an exterior wall of the building is first damaged by a falling object. Damage to the falling object itself is not included.

11. Weight of ice, snow or sleet which causes damage to property contained in a building.

12. Sudden and accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system, or from within a household appliance.

This peril does not include loss:

- a. to the system or appliance from which the water or steam escaped;

b. caused by or resulting from freezing;

- c. caused by or resulting from water or sewage from outside the residence premises plumbing system that enters through sewers or drains, or water which enters into and overflows from within a sump pump, sump pump well or any other system designed to remove subsurface water which is drained from the foundation area; or

- d. caused by or resulting from continuous or repeated seepage or leakage of water or steam which occurs over a period of time and results in deterioration, corrosion, rust, mold, or wet or dry rot.

13. Sudden and accidental tearing asunder, cracking, burning or bulging of a steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water.

This peril does not include loss:

- a. caused by or resulting from freezing; or

- b. caused by or resulting from continuous or repeated seepage or leakage of water or steam which occurs over a period of time and results in deterioration, corrosion, rust, mold, or wet or dry rot.

14. Freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system, or of a household appliance.

This peril does not include loss on the residence premises while the dwelling is vacant, unoccupied or being constructed, unless you have used reasonable care to:

- a. maintain heat in the building; or
- b. shut off the water supply and drain the system and appliances of water.

15. Sudden and accidental damage to electrical appliances, devices, fixtures and wiring from an increase or decrease of artificially generated electrical current. We will pay up to \$1,000 under this peril for each damaged item described above.

SECTION I - LOSSES NOT INSURED

16. Breakage of glass, meaning damage to personal property caused by breakage of glass which is a part of a building on the residence premises. There is no coverage for loss or damage to the glass.

1. We do not insure for any loss to the property described in Coverage A which consists of, or is directly and immediately caused by, one or more of the perils listed in items a. through n. below, regardless of whether the loss occurs suddenly or gradually, involves isolated or widespread damage, arises from natural or external forces, or occurs as a result of any combination of these:

a. collapse, except as specifically provided in SECTION I - ADDITIONAL COVERAGES, Collapse;

b. freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system, or of a household appliance, or by discharge, leakage or overflow from within the system or appliance caused by freezing. This exclusion only applies while the dwelling is vacant, unoccupied or being constructed. This exclusion does not apply if you have used reasonable care to:

(1) maintain heat in the building; or

(2) shut off the water supply and drain the system and appliances of water;

c. freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to a swimming pool, hot tub or spa, including their filtration and circulation systems, fence, pavement, patio, foundation, retaining wall, bulkhead, pier, wharf or dock;

d. theft in or to a dwelling under construction, or of materials and supplies for use in the construction, until the dwelling is completed and occupied;

e. vandalism or malicious mischief or breakage of glass and safety glazing materials if the dwelling has been vacant for more than 30 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;

f. continuous or repeated seepage or leakage of water or steam from a:

(1) heating, air conditioning or automatic fire protective sprinkler system;

(2) household appliance; or

(3) plumbing system, including from, within or around any shower stall, shower bath, tub installation, or other plumbing fixture, including their walls, ceilings or floors;

which occurs over a period of time. If loss to covered property is caused by water or steam not otherwise excluded, we will cover the cost of repairing out and replacing any part of the building necessary to repair the system or appliance. We do not cover loss to the system or appliance from which the water or steam escaped;

g. wear, tear, marring, scratching, deterioration, inherent vice, latent defect or mechanical breakdown;

h. corrosion, electrolysis or rust;

i. mold, fungus or wet or dry rot;

j. contamination;

k. smog, smoke from agricultural smudging or industrial operations;

l. settling, cracking, shrinking, bulging, or expansion of pavements, patios, foundation, walls, floors, roofs or ceilings;

m. birds, vermin, rodents, insects, or domestic animals. We do cover the breakage of glass or safety glazing material which is a part of a building, when caused by birds, vermin, rodents, insects or domestic animals; or

n. pressure from or presence of ice, shrub or plant roots.

However, we do insure for any resulting loss from items a. through m. unless the resulting loss is itself a Loss Not Insured by this Section.

2. We do not insure under any coverage for any loss which would not have occurred in the absence of one or more of the following excluded events. We do not insure for such loss regardless of: (a) the cause of the excluded event; or (b) other causes of the loss; or (c) whether other causes acted concurrently or in any sequence with the excluded event to produce the loss; or (d) whether the event occurs suddenly or gradually, involves isolated or widespread damage, arises from natural or external forces, or occurs as a result of any combination of these:

a. **Ordinance or Law**, meaning enforcement of any ordinance or law regulating the construction, repair or demolition of a building or other structure.

b. **Earth Movement**, meaning the sinking, rising, shifting, expanding or contracting of earth, all whether combined with water or not. Earth movement includes but is not limited to earthquake, landslide, mudflow, mudslide, sinkhole, subsidence, erosion or movement resulting from improper compaction, site selection or any other external forces. Earth movement also includes volcanic explosion or lava flow, except as specifically provided in SECTION I - ADDITIONAL COVERAGES, Volcanic Action.

However, we do insure for any direct loss by fire resulting from earth movement, provided the resulting fire loss is itself a Loss Insured.

c. **Water Damage**, meaning:

(1) flood, surface water, waves, tidal water, tsunami, seiche, overflow of a body of water, or spray from any of these, all whether driven by wind or not;

(2) water or sewage from outside the residence premises plumbing system that enters through sewers or drains, or water which enters into and overflows from within a sump pump, sump pump well or any other system designed to remove

subsurface water which is drained from the foundation area, or

(3) water below the surface of the ground, including water which exerts pressure on, or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure.

However, we do insure for any direct loss by fire, explosion or theft resulting from water damage, provided the resulting loss is itself a Loss Insured.

d. **Neglect**, meaning neglect of the insured to use all reasonable means to save and preserve property at and after the time of a loss, or when property is endangered.

e. **War**, including any undeclared war, civil war, insurrection, rebellion, revolution, warlike act by a military force or military personnel, destruction or seizure or use for a military purpose, and including any consequence of any of these. Discharge of a nuclear weapon shall be deemed a warlike act even if accidental.

f. **Nuclear Hazard**, meaning any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these. Loss caused by the nuclear hazard shall not be considered loss caused by fire, explosion or smoke.

However, we do insure for any direct loss by fire resulting from the nuclear hazard, provided the resulting fire loss is itself a Loss Insured.

3. We do not insure under any coverage for any loss consisting of one or more of the items below. Further, we do not insure for loss described in paragraphs 1. and 2. immediately above regardless of whether one or more of the following: (a) directly or indirectly cause, contribute to or aggravate the loss; or (b) occur before, at the same time, or after the loss or any other cause of the loss:

a. conduct, act, failure to act, or decision of any person, group, organization or governmental body whether intentional, wrongful, negligent, or without fault;

b. defect, weakness, inadequacy, fault or unsoundness in:

- (1) planning, zoning, development, surveying, siting;
- (2) design, specifications, workmanship, construction, grading, compaction;
- (3) materials used in construction or repair; or
- (4) maintenance;

SECTION I - LOSS SETTLEMENT

Only the Loss Settlement provisions shown in the Declarations apply. We will settle covered property losses according to the following.

COVERAGE A - DWELLING

1. A1 - Replacement Cost Loss Settlement - Similar Construction.

a. We will pay the cost to repair or replace with similar construction and for the same use on the premises shown in the Declarations, the damaged part of the property covered under SECTION I - COVERAGES, COVERAGE A - DWELLING, except for wood fences, subject to the following:

- (1) until actual repair or replacement is completed, we will pay only the actual cash value at the time of the loss of the damaged part of the property, up to the applicable limit of liability shown in the Declarations, not to exceed the cost to repair or replace the damaged part of the property;

(2) when the repair or replacement is actually completed, we will pay the covered additional amount you actually and necessarily spend to repair or replace the damaged part of the property, or an amount up to the applicable limit of liability shown in the Declarations, whichever is less;

(3) to receive any additional payments on a replacement cost basis, you must complete the actual repair or replacement of the damaged part of the property within two years after the date of loss, and notify us within 30 days after the work has been completed; and

of any property (including land, structures, or improvements of any kind) whether on or off the residence premises; or

c. weather conditions.

However, we do insure for any resulting loss from items a., b. and c. unless the resulting loss is itself a Loss Not Insured by this Section.

(4) we will not pay for increased costs resulting from enforcement of any ordinance or law regulating the construction, repair or demolition of a building or other structure, except as provided under Option OL - Building Ordinance or Law Coverage.

b. Wood Fences: We will pay the actual cash value at the time of loss for loss or damage to wood fences, not to exceed the limit of liability shown in the Declarations for COVERAGE A - DWELLING, EXTENSION.

2. A2 - Replacement Cost Loss Settlement - Common Construction.

a. We will pay the cost to repair or replace with common construction and for the same use on the premises shown in the Declarations, the damaged part of the property covered under SECTION I - COVERAGES, COVERAGE A - DWELLING, except for wood fences, subject to the following:

- (1) we will pay only for repair or replacement of the damaged part of the property with common construction techniques and materials commonly used by the building trades in standard new construction. We will not pay the cost to repair or replace obsolete, antique or custom construction with like kind and quality;

(2) until actual repair or replacement is completed, we will pay only the actual cash value at the time of the loss of the damaged part of the property, up to the applicable limit of liability shown in the Declarations, not to exceed the cost to repair or

replace the damaged part of the property as described in a.(1) above;

(3) when the repair or replacement is actually completed as described in a.(1) above, we will pay the covered additional amount you actually and necessarily spend to repair or replace the damaged part of the property, or an amount up to the applicable limit of liability shown in the Declarations, whichever is less;

(4) to receive any additional payments on a replacement cost basis, you must complete the actual repair or replacement of the damaged part of the property within two years after the date of loss, and notify us within 30 days after the work has been completed; and

(5) we will not pay for increased costs resulting from enforcement of any ordinance or law regulating the construction, repair or demolition of a building or other structure, except as provided under Option OL - Building Ordinance or Law Coverage.

b. Wood Fences: We will pay the actual cash value at the time of loss for loss or damage to wood fences, not to exceed the limit of liability shown in the Declarations for COVERAGE A - DWELLING EXTENSION.

COVERAGE B - PERSONAL PROPERTY

1. B1 - Limited Replacement Cost Loss Settlement.

a. We will pay the cost to repair or replace property covered under SECTION I - COVERAGES, COVERAGE B - PERSONAL PROPERTY, except for property listed in item b. below, subject to the following:

(1) until repair or replacement is completed, we will pay only the cost to repair or replace less depreciation;

(2) after repair or replacement is completed, we will pay the difference between the cost to repair or replace less depreciation and the cost you have

actually and necessarily spent to repair or replace the property; and

(3) if property is not repaired or replaced within two years after the date of loss, we will pay only the cost to repair or replace less depreciation.

b. We will pay market value at the time of loss for:

(1) antiques, fine arts, paintings, statuary and similar articles which by their inherent nature cannot be replaced with new articles;

(2) articles whose age or history contribute substantially to their value including, but not limited to, memorabilia, souvenirs and collectors items; and

(3) property not useful for its intended purpose.

However, we will not pay an amount exceeding the smallest of the following for items a. and b. above:

(1) our cost to replace at the time of loss;

(2) the full cost of repair;

(3) any special limit of liability described in the policy; or

(4) any applicable Coverage B limit of liability.

2. B2 - Depreciated Loss Settlement.

a. We will pay the cost to repair or replace less depreciation at the time of loss for property covered under SECTION I - COVERAGES, COVERAGE B - PERSONAL PROPERTY, except for property listed in item b. below;

b. We will pay market value at the time of loss for:

(1) antiques, fine arts, paintings, statuary and similar articles which by their inherent nature cannot be replaced with new articles;

(2) articles whose age or history contribute substantially to their value including, but not limited to, memorabilia, souvenirs and collectors items; and

(3) property not useful for its intended purpose.

However, we will not pay an amount exceeding the smallest of the following for items a. and b. above:

- (1) our cost to replace at the time of loss;
- (2) the full cost of repair;

SECTION I - CONDITIONS

1. **Insurable Interest and Limit of Liability.** Even if more than one person has an insurable interest in the property covered, we shall not be liable:

- a. to the insured for an amount greater than the insured's interest; or
- b. for more than the applicable limit of liability.

2. **Your Duties After Loss.** After a loss to which this insurance may apply, you shall see that the following duties are performed:

- a. give immediate notice to us or our agent. Also notify the police if the loss is caused by theft. Also notify the credit card company or bank if the loss involves a credit card or bank fund transfer card;
- b. protect the property from further damage or loss, make reasonable and necessary temporary repairs required to protect the property, keep an accurate record of repair expenditures;
- c. prepare an inventory of damaged or stolen personal property. Show in detail the quantity, description, age, replacement cost and amount of loss. Attach to the inventory all bills, receipts and related documents that substantiate the figures in the inventory;
- d. as often as we reasonably require:
 - (1) exhibit the damaged property;
 - (2) provide us with records and documents we request and permit us to make copies;
 - (3) submit to and subscribe, while not in the presence of any other insured:
 - (a) statements; and
 - (b) examinations under oath; and

(3) any special limit of liability described in the policy or

(4) any applicable Coverage B limit of liability.

(4) produce employees, members of the insured household or others for examination under oath to the extent it is within the insured's power to do so; and

e. submit to us, within 60 days after the loss, a signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:

- (1) the time and cause of loss;
 - (2) interest of the insured and all others in the property involved and all encumbrances on the property;
 - (3) other insurance which may cover the loss;
 - (4) changes in title or occupancy of the property during the term of this policy;
 - (5) specifications of any damaged building and cataloged estimates for repair of the damage;
 - (6) an inventory of damaged or stolen personal property described in 2.c.;
 - (7) receipts for additional living expenses incurred and records supporting the fair rental value for and
 - (8) evidence or affidavit supporting a claim under a Credit Card, Bank Fund Transfer Card, Forge and Counterfeit Money coverage, stating the amount and cause of loss.
3. **Loss to a Pair or Set.** In case of loss to a pair or set, you may elect to:
- a. repair or replace any part to restore the pair or set to its value before the loss; or
 - b. pay the difference between the depreciated value the property before and after the loss.

the policy;

bility.

P. 27

No. 8194
red's
r oath
ner to

ss, your
th, to the

the prop-
he prop-

erty
de-
op-
ss,
Sexton, Sexton & Kazee, PC's
to
ve
10:19AM
9. 2011
Jun. 9
65,KT

4. **Appraisal.** If you and we fail to agree on the amount of loss, either one can demand that the amount of the loss be set by appraisal. If either makes a written demand for appraisal, each shall select a competent, disinterested appraiser. Each shall notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers shall then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, you or we can ask a judge of a court of record in the state where the residence premises is located to select an umpire. The appraisers shall then set the amount of the loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon shall be the amount of the loss. If the appraisers fail to agree within a reasonable time, they shall submit their differences to the umpire. Written agreement signed by any two of these three shall set the amount of the loss. Each appraiser shall be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire shall be paid equally by you and us.
5. **Other Insurance.** If a loss covered by this policy is also covered by other insurance, we will pay only our share of the loss. Our share is the proportion of the loss that the applicable limit under this policy bears to the total amount of insurance covering the loss.
6. **Suit Against Us.** No action shall be brought unless there has been compliance with the policy provisions. The action must be started within one year after the date of loss or damage.
7. **Our Option.** We may repair or replace any part of the property damaged or stolen with similar property. Any property we pay for or replace becomes our property.
8. **Loss Payment.** We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:
- reach agreement with you;
 - there is an entry of a final judgment; or
 - there is a filing of an appraisal award with us.
9. **Abandonment of Property.** We need not accept any property abandoned by an insured.

10. **Mortgage Clause.** The word "mortgage" includes trustee.

- If a mortgagee is named in this policy, any loss payable under Coverage A shall be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment shall be the same as the order of precedence of the mortgages.
 - If we deny your claim, that denial shall not apply to a valid claim of the mortgagee, if the mortgagee:
 - notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
 - pays on demand any premium due under this policy, if you have not paid the premium; and
 - submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Policy conditions relating to Appraisal, Suit Against Us and Loss Payment apply to the mortgagee.
 - If this policy is cancelled by us, the mortgagee shall be notified at least 10 days before the date cancellation takes effect. Proof of mailing shall be proof of notice.
 - If we pay the mortgagee for any loss and deny payment to you:
 - we are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
 - a) our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we shall receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.
- a. Subrogation shall not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.
11. **No Benefit to Bailee.** We will not recognize an assignment or grant coverage for the benefit of a person or organization holding, storing or transporting property for

a fee. This applies regardless of any other provision of this policy.

12. **Intentional Acts.** If you or any person insured under this policy causes or procures a loss to property covered

SECTION II - LIABILITY COVERAGES

COVERAGE L - PERSONAL LIABILITY

If a claim is made or a suit is brought against an insured for damages because of bodily injury or property damage to which this coverage applies, caused by an occurrence, we will:

1. pay up to our limit of liability for the damages for which the insured is legally liable; and
2. provide a defense at our expense by counsel of our choice. We may make any investigation and settle any claim or suit that we decide is appropriate. Our obligation to defend any claim or suit ends when the amount we pay for damages, to effect settlement or satisfy a judgment resulting from the occurrence, equals our limit of liability.

COVERAGE M - MEDICAL PAYMENTS TO OTHERS

We will pay the necessary medical expenses incurred or medically ascertained within three years from the date of an accident causing bodily injury. Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage applies only:

1. to a person on the insured location with the permission of an insured;
2. to a person off the insured location, if the bodily injury:
 - a. arises out of a condition on the insured location or the ways immediately adjoining;
 - b. is caused by the activities of an insured;
 - c. is caused by a residence employee in the course of the residence employee's employment by an insured; or
 - d. is caused by an animal owned by or in the care of an insured; or
3. to a residence employee if the occurrence causing bodily injury occurs off the insured location and arises

under this policy for the purpose of obtaining insurance benefits, then this policy is void and we will not pay you or any other insured for this loss.

out of or in the course of the residence employee's employment by an insured.

SECTION II - ADDITIONAL COVERAGES

We cover the following in addition to the limits of liability:

1. **Claim Expenses.** We pay:
 - a. expenses we incur and costs taxed against an insured in suits we defend;
 - b. premiums on bonds required in suits we defend, but not for bond amounts greater than the Coverage L limit. We are not obligated to apply for or furnish any bond;
 - c. reasonable expenses an insured incurs at our request. This includes actual loss of earnings (but not loss of other income) up to \$100 per day for aiding us in the investigation or defense of claims or suits;
 - d. prejudgment interest awarded against the insured on that part of the judgment we pay; and
 - e. interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.
2. **First Aid Expenses.** We will pay expenses for first aid to others incurred by an insured for bodily injury covered under this policy. We will not pay for first aid to you or any other insured.
3. **Damage to Property of Others.**
 - a. We will pay for property damage to property of others caused by an insured.
 - b. We will not pay more than the smallest of the following amounts:
 - (1) replacement cost at the time of loss;
 - (2) full cost of repair; or

- (3) \$500 in any one occurrence.
We will not pay for property damage.

- (1) if insurance is otherwise provided in this policy;
(2) caused intentionally by an insured who is 13 years of age or older;
(3) to property, other than a rented golf cart, owned by, or rented to an insured, a tenant of an insured, or a resident in your household; or

SECTION II - EXCLUSIONS

1. Coverage L and Coverage M do not apply to:

a. Bodily injury or property damage:

- (1) which is either expected or intended by the insured; or
(2) which is the result of willful and malicious acts of the insured;
b. bodily injury or property damage arising out of business pursuits of any insured or the rental or holding for rental of any part of any premises by any insured. This exclusion does not apply:

- (1) to activities which are ordinarily incident to non-business pursuits;
(2) with respect to Coverage L to the occasional or part-time business pursuits of an insured who is under 19 years of age;
(3) to the rental or holding for rental of a residence of yours;

- (a) on an occasional basis for the exclusive use as a residence;

- (b) in part, unless intended for use as a residence by more than two roomers or boarders; or

- (c) in part, as an office, school, studio or private garage;

- (4) when the dwelling on the residence premises is a two, three or four-family dwelling and you oc-

- (4) arising out of:

(a) business pursuits;

- (b) any act or omission in connection with a premises an insured owns, rents or controls, other than the insured location; or

- (c) the ownership, maintenance, or use of a motor vehicle, aircraft, or watercraft, including aircraft, air cushion, personal watercraft, sailboat or similar type watercraft.

- copy one part and rent or hold for rental the other part; or

- (5) to farm land (without buildings), rented or held for rental to others, but not to exceed a total of 500 acres, regardless of the number of locations;

- c. bodily injury or property damage arising out of the rendering or failing to render professional services;

- d. bodily injury or property damage arising out of any premises currently owned or rented to any insured which is not an insured location. This exclusion does not apply to bodily injury to a residence employee arising out of and in the course of the residence employee's employment by an insured;

- a. bodily injury or property damage arising out of the ownership, maintenance, use, loading or unloading of:

- (1) an aircraft;

- (2) a motor vehicle owned or operated by or rented or loaned to any insured; or

- (3) a watercraft;

- (a) owned by or rented to any insured if it has inboard or inboard-outdrive motor power of more than 50 horsepower;

- (b) owned by or rented to any insured if it is a sailing vessel, with or without auxiliary power, 26 feet or more in overall length;

- (c) powered by one or more outboard motors with more than 25 total horsepower owned by any insured;
- (d) designated as an airboat, air cushion, or similar type of craft; or
- (e) owned by any insured which is a personal watercraft using a waterjet pump powered by an internal combustion engine as the primary source of propulsion.
- This exclusion does not apply to bodily injury to a residence employee arising out of and in the course of the residence employee's employment by an insured. Exclusion e.(3) does not apply while the watercraft is on the residence premises.
1. bodily injury or property damage arising out of:
- (1) the entrustment by any insured to any person;
- (2) the supervision by any insured of any person;
- (3) any liability statutorily imposed on any insured; or
- (4) any liability assumed through an unwritten or written agreement by any insured;
- with regard to the ownership, maintenance or use of any aircraft, watercraft, or motor vehicle which is not covered under Section II of this policy.
- g. bodily injury or property damage caused directly or indirectly by war, including undeclared war, or any warlike act including destruction or seizure or use for a military purpose, or any consequence of these. Discharge of a nuclear weapon shall be deemed a warlike act even if accidental;
- h. bodily injury to you or any insured within the meaning of part a. or b. of the definition of insured.
- This exclusion also applies to any claim made or suit brought against you or any insured to share damages with or repay someone else who may be obligated to pay damages because of the bodily injury sustained by you or any insured within the meaning of part a. or b. of the definition of insured;
- i. any claim made or suit brought against any insured by:
- (1) any person who is in the care of any insured because of child care services provided by or at the direction of:
- (a) any insured;
- (b) any employee of any insured; or
- (c) any other person actually or apparently acting on behalf of any insured; or
- (2) any person who makes a claim because of bodily injury to any person who is in the care of any insured because of child care services provided by or at the direction of:
- (a) any insured;
- (b) any employee of any insured; or
- (c) any other person actually or apparently acting on behalf of any insured.
- This exclusion does not apply to the occasional child care services provided by any insured, or to the part-time child care services provided by any insured who is under 19 years of age; or
1. bodily injury or property damage arising out of an insured's participation in, or preparation or practice for any prearranged or organized race, speed or demolition contest, or similar competition involving a motorized land vehicle or motorized watercraft. This exclusion does not apply to a sailing vessel less than 26 feet in overall length with, or without auxiliary power.
2. Coverage 1 does not apply to:
- a. liability:
- (1) for your share of any loss assessment charged against all members of an association of property owners; or
- (2) assumed under any unwritten contract or agreement, or by contract or agreement in connection with a business of the insured;
- b. property damage to property currently owned by any insured;
- c. property damage to property rented to, occupied or used by or in the care of any insured. This exclusion

does not apply to property damage caused by fire, smoke or explosion.

d. bodily injury to a person eligible to receive any benefits required to be provided or voluntarily provided by an insured under a worker's compensation, non-occupational disability, or occupational disease law;

e. bodily injury or property damage for which an insured under this policy is also an insured under a nuclear energy liability policy or would be an insured but for its termination upon exhaustion of its limit of liability. A nuclear energy liability policy is a policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada, or any of their successors.

SECTION II - CONDITIONS

1. **Limit of Liability.** The Coverage L limit is shown in the Declarations. This is our limit for all damages from each occurrence regardless of the number of insureds, claims made or persons injured.

The Coverage M limit is shown in the Declarations. This is our limit for all medical expense for bodily injury to one person as the result of one accident.

2. **Severability of Insurance.** This insurance applies separately to each insured. This condition shall not increase our limit of liability for any one occurrence.

3. **Duties After Loss.** In case of an accident or occurrence, the insured shall perform the following duties that apply. You shall cooperate with us in seeing that these duties are performed:

- a. give written notice to us or our agent as soon as practicable, which sets forth:
 - (1) the identity of this policy and insured;
 - (2) reasonably available information on the time, place and circumstances of the accident or occurrence; and

3. Coverage M does not apply to bodily injury:

a. to a residence employee if it occurs off the insured location and does not arise out of or in the course of the residence employee's employment by an insured;

b. to a person eligible to receive any benefits required to be provided or voluntarily provided under any worker's compensation, non-occupational disability or occupational disease law;

c. from nuclear reaction, radiation or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these;

d. to a person other than a residence employee of an insured, regularly residing on any part of the insured location.

(3) names and addresses of any claimants and available witnesses;

b. immediately forward to us every notice, demand, summons or other process relating to the accident or occurrence;

c. at our request, assist in:

(1) making settlement;

(2) the enforcement of any right of contribution or indemnity against a person or organization who may be liable to an insured;

(3) the conduct of suits and attend hearings and trials; and

(4) securing and giving evidence and obtaining the attendance of witnesses;

d. under the coverage - Damage to Property of Others, exhibit the damaged property if within the insured's control; and

e. the insured shall not, except at the insured's own cost, voluntarily make payments, assume obligations or incur expenses. This does not apply to expense for first aid to others at the time of the bodily injury.

4. **Duties of an Injured Person - Coverage M.** The injured person, or, when appropriate, someone acting on behalf of that person, shall:

- a. give us written proof of claim, under oath if required, as soon as practicable;
 - b. execute authorization to allow us to obtain copies of medical reports and records; and
 - c. submit to physical examination by a physician selected by us when and as often as we reasonably require.
5. **Payment of Claim - Coverage M.** Payment under this coverage is not an admission of liability by an Insured or us.

SECTION I AND SECTION II - CONDITIONS

1. **Policy Period.** This policy applies only to loss under Section I or bodily injury or property damage under Section II which occurs during the period this policy is in effect.

2. **Concealment or Fraud.** This policy is void as to you and any other Insured, if you or any other Insured under this policy has intentionally concealed or misrepresented any material fact or circumstance relating to this insurance, whether before or after a loss.

3. **Liberalization Clause.** If we adopt any revision which would broaden coverage under this policy without additional premium, within 60 days prior to or during the period this policy is in effect, the broadened coverage will immediately apply to this policy.

4. **Waiver or Change of Policy Provisions.** A waiver or change of any provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination shall not waive any of our rights.

5. **Cancellation.**

- a. You may cancel this policy at any time by notifying us in writing of the date cancellation is to take effect. We may waive the requirement that the notice be in writing by confirming the date and time of cancellation to you in writing.

6. **Suit Against Us.** No action shall be brought against us unless there has been compliance with the policy provisions.

No one shall have the right to join us as a party to an action against an Insured. Further, no action with respect to Coverage L shall be brought against us until the obligation of the Insured has been determined by final judgment or agreement signed by us.

7. **Bankruptcy of an Insured.** Bankruptcy or insolvency of an Insured shall not relieve us of our obligation under this policy.

8. **Other Insurance - Coverage L.** This insurance is excess over any other valid and collectible insurance except insurance written specifically to cover an excess over the limits of liability that apply in this policy.

b. We may cancel this policy only for the reasons stated in this condition. We will notify you in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing shall be sufficient proof of notice.

(1) When you have not paid the premium, we may cancel at any time by notifying you at least 10 days before the date cancellation takes effect. This condition applies whether the premium is payable to us or our agent or under any finance or credit plan.

(2) When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason. We may cancel by notifying you at least 10 days before the date cancellation takes effect.

(3) When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:

- (a) if there has been a material misrepresentation of fact which, if known to us, would have caused us not to issue this policy; or

against us
by provi-

(b) If the risk has changed substantially since the policy was issued.

We may cancel this policy by notifying you at least 30 days before the date cancellation takes effect.

(4) When this policy is written for a period longer than one year, we may cancel for any reason at any time by final notice. We may cancel by notifying you at least 30 days before the date cancellation takes effect.

c. When this policy is cancelled, the premium for the period from the date of cancellation to the expiration date will be refunded. When you request cancellation, the return premium will be based on our rules for such cancellation. The return premium may be less than a full pro rata refund. When we cancel, the return premium will be pro rata.

d. The return premium may not be refunded with the notice of cancellation or when the policy is returned to us. In such cases, we will refund it within a reasonable time after the date cancellation takes effect.

6. **Nonrenewal.** We may elect not to renew this policy. If we elect not to renew, a written notice will be delivered to you, or mailed to you at your mailing address shown in the Declarations. The notice will be mailed or delivered at least 30 days before the expiration date of this policy. Proof of mailing shall be sufficient proof of notice.

7. **Assignment.** Assignment of this policy shall not be valid unless we give our written consent.

8. **Subrogation.** An insured may waive in writing before a loss all rights of recovery against any person. If not

waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an insured shall:

a. sign and deliver all related papers;

b. cooperate with us in a reasonable manner; and

c. do nothing after a loss to prejudice such rights.

Subrogation does not apply under Section II to Medical Payments to Others or Damage to Property of Others.

9. **Death.** If any person shown in the Declarations or the spouse, if a resident of the same household, dies:

a. we insure the legal representative of the deceased. This condition applies only with respect to the premises and property of the deceased covered under this policy at the time of death;

b. insured includes:

(1) any member of your household who is an insured at the time of your death, but only while a resident of the residence premises; and

(2) with respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

10. **Conformity to State Law.** When a policy provision is in conflict with the applicable law of the State in which this policy is issued, the law of the State will apply.

OPTIONAL POLICY PROVISIONS

Each Optional Policy Provision applies only as shown in the Declarations and is subject to all the terms, provisions, exclusions and conditions of this policy.

Option AI - Additional Insured. The definition of Insured is extended to include the person or organization shown in the Declarations as an Additional Insured or whose name is on the with us. Coverage is with respect to:

1. Section I - Coverage A, or

This option applies only with respect to the location shown in the Declarations.

Option BP - Business Property. The **COVERAGE B - PERSONAL PROPERTY, Special Limits of Liability**, Item b., for property used or intended for use in a business,

including merchandise held as samples or for sale or for delivery after sale, is changed as follows:

The \$1,000 limit is replaced with the amount shown in the Declarations for this option.

Option BU - Business Pursuits. SECTION II - EXCLUSIONS, item 1.b, is modified as follows:

1. Section II coverage applies to the business pursuits of an insured who is a:

- a. clerical office employee, salesperson, collector, messenger, or
 - b. teacher (except college, university and professional athletic coaches), school principal or school administrator;
- while acting within the scope of the above listed occupations.

2. However, no coverage is provided:

- a. for bodily injury or property damage arising out of a business owned or financially controlled by the insured or by a partnership of which the insured is a partner or member;
 - b. for bodily injury or property damage arising out of the rendering of or failure to render professional services of any nature (other than teaching or school administration). This exclusion includes but is not limited to:
 - (1) computer programming, architectural, engineering or industrial design services;
 - (2) medical, surgical, dental or other services or treatment conducive to the health of persons or animals; and
 - (3) beauty or barber services or treatment;
 - c. for bodily injury to a fellow employee of the insured incurred in the course of employment; or
 - d. when the insured is a member of the faculty or teaching staff of a school or college;
- (1) for bodily injury or property damage arising out of the maintenance, use, loading or unloading of:

(a) draft or saddle animals, including vehicles for use with them; or

(b) aircraft, motor vehicles, recreational motor vehicles or watercraft, airboats, air cushions or personal watercraft which use a water jet pump powered by an internal combustion engine as the primary source of propulsion;

owned or operated, or hired by or for the insured or employer of the insured or used by the insured for the purpose of instruction in the use thereof; or

(2) under Coverage M for bodily injury to a pupil arising out of corporal punishment administered by or at the direction of the insured.

Option FA - Firearms. Firearms are insured for accidental direct physical loss or damage.

The limits for this option are shown in the Declarations. The first amount is the limit for any one article; the second amount is the aggregate limit for each loss.

The following additional provisions apply:

1. we do not insure for any loss to the property described in this option either consisting of, or directly and immediately caused by, one or more of the following:
 - a. mechanical breakdown, wear and tear, gradual deterioration;
 - b. insects or vermin;
 - c. any process of refinishing, renovating, or repairing;
 - d. dampness of atmosphere or extremes of temperatures;
 - e. inherent defect or faulty manufacture;
 - f. rust, fouling or explosion of firearms;
 - g. breakage, marling, scratching, tearing or denting unless caused by fire, thieves or accidents to conveyances; or
 - h. infidelity of an insured's employees or persons to whom the insured property may be entrusted or rented;

2. our limit for loss by any Coverage B peril except theft is the limit shown in the Declarations for Coverage B, plus the aggregate limit;
3. our limits for loss by theft are those shown in the Declarations for this option. These limits apply in lieu of the Coverage B theft limit; and
4. our limits for loss by any covered peril except those in items 2. and 3. are those shown in the Declarations.

Option HC - Home Computer. The COVERAGE B - PERSONAL PROPERTY, Special Limits of Liability, item 1, for electronic data processing system equipment and the recording or storage media used with that equipment is increased to be the amount shown in the Declarations for this option.

Option ID - Increased Dwelling Limit. We will settle losses to damaged building structures covered under COVERAGE A - DWELLING according to the SECTION I - LOSS SETTLEMENT provision shown in the Declarations.

If the amount you actually and necessarily spend to repair or replace damaged building structures exceeds the applicable limit of liability shown in the Declarations, we will pay the additional amounts not to exceed:

1. the Option ID limit of liability shown in the Declarations to repair or replace the Dwelling; or
2. 10% of the Option ID limit of liability to repair or replace building structures covered under COVERAGE A - DWELLING, Dwelling Extension.

Report Increased Values. You must notify us within 90 days of the start of any new building structure costing \$5,000 or more; or any additions to or remodeling of building structures which increase their values by \$5,000 or more. You must pay any additional premium due for the increased value. We will not pay more than the applicable limit of liability shown in the Declarations, if you fail to notify us of the increased value within 90 days.

Option IO - Incidental Business. The coverage provided by this option applies only to that incidental business occupancy on file with us.

1. COVERAGE A - DWELLING, Dwelling Extension, item 2.b, is deleted.

2. COVERAGE B - PERSONAL PROPERTY is extended to include equipment, supplies and furnishings usual and

incidental to this business occupancy. This Optional Policy Provision does not include electronic data processing system equipment or the recording or storage media used with that equipment or merchandise held as samples or for sale or for delivery after sale.

The Option IO limits are shown in the Declarations. The first limit applies to property on the residence premises. The second limit applies to property while off the residence premises. These limits are, in addition to the COVERAGE B - PERSONAL PROPERTY, Special Limits of Liability on property used or intended for use in a business.

3. Under Section II, the residence premises is not considered business property because an insured occupies a part of it as an incidental business.

4. SECTION II - EXCLUSIONS, item 1.b. of Coverage L and Coverage M is replaced with the following:

b. bodily injury or property damage arising out of business pursuits of an insured or the rental or holding for rental of any part of any premises by an insured. This exclusion does not apply:

- (1) to activities which are ordinarily incident to non-business pursuits or to business pursuits of an insured which are necessary or incidental to the use of the residence premises as an incidental business;
- (2) with respect to Coverage L to the occasional or part-time business pursuits of an insured who is under 19 years of age;
- (3) to the rental or holding for rental of a residence of yours:
 - (a) on an occasional basis for exclusive use as a residence;
 - (b) in part, unless intended for use as a residence by more than two roomers or boarders; or
 - (c) in part, as an incidental business or private garage;
- (4) when the dwelling on the residence premises is a two family dwelling and you occupy

one part and rent or hold for rental the other part or

(5) to farm land (without buildings), rented or held for rental to others, but not to exceed a total of 500 acres, regardless of the number of locations.

5. This insurance does not apply to:

- a. bodily injury to an employee of an insured arising out of the residence premises as an incidental business other than to a residence employee while engaged in the employee's employment by an insured;
- b. bodily injury to a pupil arising out of corporal punishment administered by or at the direction of the insured;
- c. liability arising out of any acts, errors or omissions of an insured, or any other person for whose acts an insured is liable, resulting from the preparation or approval of data, plans, designs, opinions, reports, programs, specifications, supervisory inspections or engineering services in the conduct of an insured's incidental business involving data processing, computer consulting or computer programming; or
- d. any claim made or suit brought against any insured by:
 - (1) any person who is in the care of any insured because of child care services provided by or at the direction of:
 - (a) any insured;
 - (b) any employee of any insured; or
 - (c) any other person actually or apparently acting on behalf of any insured; or
 - (2) any person who makes a claim because of bodily injury to any person who is in the care of any insured because of child care services provided by or at the direction of:
 - (a) any insured;

(b) any employee of any insured; or
(c) any other person actually or apparently acting on behalf of any insured.

Coverage M does not apply to any person indicated in (1) and (2) above.

This exclusion does not apply to the occasional child care services provided by any insured, or to the part-time child care services provided by any insured who is under 19 years of age.

Option JF - Jewelry and Furs. Jewelry, watches, fur garments and garments trimmed with fur, precious and semi-precious stones, gold other than goldware, silver other than silverware and platinum are insured for accidental direct physical loss or damage.

The limits for this option are shown in the Declarations. The first amount is the limit for any one article; the second amount is the aggregate limit for each loss.

The following additional provisions apply:

1. we do not insure for any loss to the property described in this option either consisting of, or directly and immediately caused by, one or more of the following:
 - a. mechanical breakdown, wear and tear, gradual deterioration;
 - b. insects or vermin;
 - c. inherent vice; or
 - d. seizure or destruction under quarantine or customs regulations;
2. our limit for loss by any Coverage B peril except theft is the limit shown in the Declarations for Coverage B, plus the aggregate limit;
3. our limits for loss by theft are those shown in the Declarations for this option; and
4. our limits for loss by any covered peril except those in items 2. and 3. are those shown in the Declarations for this option.

Option OL - Building Ordinance or Law.

1. Coverage Provided.

The total limit of insurance provided by this Building Ordinance or Law provision will not exceed an amount equal to the Option OL percentage shown in the Declarations of the Coverage A limit shown in the Declarations at the time of the loss, as adjusted by the inflation coverage provisions of the policy. This is an additional amount of insurance and applies only to the dwelling.

2. Damaged Portions of Dwelling.

When the dwelling covered under COVERAGE A - DWELLING is damaged by a Loss Insured we will pay for the increased cost to repair or rebuild the physically damaged portion of the dwelling caused by the enforcement of a building, zoning or land use ordinance or law if the enforcement is directly caused by the same Loss Insured and the requirement is in effect at the time the Loss Insured occurs.

3. Undamaged Portions of Damaged Dwelling.

When the dwelling covered under COVERAGE A - DWELLING is damaged by a Loss Insured we will also pay for:

- a. the cost to demolish and clear the site of the undamaged portions of the dwelling caused by the enforcement of a building, zoning or land use ordinance or law if the enforcement is directly caused by the same Loss Insured and the requirement is in effect at the time the Loss Insured occurs; and
- b. loss to the undamaged portion of the dwelling caused by enforcement of any ordinance or law if:
 - (1) the enforcement is directly caused by the same Loss Insured;
 - (2) the enforcement requires the demolition of portions of the same dwelling not damaged by the same Loss Insured;
 - (3) the ordinance or law regulates the construction or repair of the dwelling, or establishes zoning or

land use requirements at the described premises, and

- (4) the ordinance or law is in force at the time of the occurrence of the same Loss Insured; or
- c. the legally required changes to the undamaged portion of the dwelling caused by the enforcement of a building, zoning or land use ordinance or law if the enforcement is directly caused by the same Loss Insured and the requirement is in effect at the time the Loss Insured occurs.

4. Building Ordinance or Law Coverage Limitations.

- a. We will not pay for any increased cost of construction under this coverage:
 - (1) until the dwelling is actually repaired or replaced at the same or another premises in the same general vicinity; and
 - (2) unless the repairs or replacement are made as soon as reasonably possible after the loss, not to exceed two years.
- b. We will not pay more for loss to the undamaged portion of the dwelling caused by the enforcement of any ordinance or law than:
 - (1) the depreciated value of the undamaged portion of the dwelling, if the dwelling is not repaired or replaced;
 - (2) the amount you actually spend to replace the undamaged portion of the dwelling if the dwelling is repaired or replaced.
- c. We will not pay more under this coverage than the amount you actually spend:
 - (1) for the increased cost to repair or rebuild the dwelling at the same or another premises in the same general vicinity if relocation is required by ordinance or law; and
 - (2) to demolish and clear the site of the undamaged portions of the dwelling caused by enforcement of building, zoning or land use ordinance or law.

We will never pay for more than a dwelling of the same height, floor area and style on the same or similar premises as the dwelling, subject to the limit provided in paragraph 1. Coverage Provided of this option.

Option SG - Silverware and Goldware Theft. The COVER-AGE B - PERSONAL PROPERTY, Special Limits of Liability, item h., for theft of silverware and goldware is increased to be the amount shown in the Declarations for this option.

IN WITNESS WHEREOF, this Company has caused this policy to be signed by its President and Secretary at Bloomington, Illinois.

Tim M. Burrin

Secretary

Edward J. Pruitt Jr.

President

The Board of Directors, in accordance with Article VI(c) of this Company's Articles of Incorporation, may from time to time distribute equitably to the holders of the participating policies issued by said Company such sums out of its earnings as in its judgment are proper.

**AMENDATORY ENDORSEMENT
(Tennessee)**

SECTION I - LOSSES INSURED

We insure for accidental direct physical loss to property described in Coverages A and B caused by sinkhole collapse, meaning sudden settlement or collapse of the earth resulting from subterranean voids created by the action of water on limestone or similar rock formations. We do not insure against loss caused by abandonment of the property covered.

SECTION I - LOSSES NOT INSURED

The reference to "sinkhole" is deleted from Earth Movement.

SECTION I AND SECTION II - CONDITIONS

Right to Inspect is added:

Right to Inspect. We have the right but are not obligated to make inspections and surveys at any time, give you reports on conditions we find and recommend changes. Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged.

We do not:

- a. make safety inspections;

- b. undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public;
- c. warrant that conditions are safe or healthful; or
- d. warrant that conditions comply with laws, regulations, codes or standards.

This condition applies not only to us but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

Joint and Individual Interests is added:

Joint and Individual Interests. When there are two or more named insureds, each acts for all to cancel or change the policy.

All other policy provisions apply.

FE-7242.4
(7/97)

POLICY ENDORSEMENT

FE-5320
(4/99)

SECTION I AND SECTION II - CONDITIONS

The following condition is added:

Premium. The premium for this policy may vary based upon the purchase of other insurance from one of the State Farm affiliated companies.

All other policy provisions apply.

FE-5320
(4/99)

FUNGUS (INCLUDING MOLD) EXCLUSION ENDORSEMENT

DEFINITIONS

The following definition is added:

"fungus" means any type or form of fungus, including mold, mildew, mycotoxins, spores, scents or byproducts produced or released by fungi.

SECTION I - LOSSES INSURED

Item 12.d. is replaced with the following:

d. caused by or resulting from continuous or repeated seepage or leakage of water or steam which occurs over a period of time and results in deterioration, corrosion, rust, or wet or dry rot.

Item 13.b. is replaced with the following:

b. caused by or resulting from continuous or repeated seepage or leakage of water or steam which occurs over a period of time and results in deterioration, corrosion, rust, or wet or dry rot.

SECTION I - LOSSES NOT INSURED

Item 1.i. is replaced with the following:

i. wet or dry rot;

In item 2., the following is added as item g.:

g. Fungus. We also do not cover:

- (1) any loss of use or delay in rebuilding, repairing or replacing covered property, including any associated cost or expense, due to interference at the residence premises or location of the rebuilding, repair or replacement, by fungus;
- (2) any remediation of fungus, including the cost to:
 - (a) remove the fungus from covered property or to repair, restore or replace that property; or
 - (b) tear out and replace any part of the building or other property as needed to gain access to the fungus; or
- (3) the cost of any testing or monitoring of air or property to confirm the type, absence, presence or level of fungus, whether performed prior to, during or after removal, repair, restoration or replacement of covered property.

All other policy provisions apply.

FE-5398

MOTOR VEHICLE ENDORSEMENT

DEFINITIONS

The definition of "motor vehicle" is replaced by the following:

"motor vehicle", when used in Section II of this policy, means:

- a. a land motor vehicle designed for travel on public roads or subject to motor vehicle registration;
- b. a trailer or semi-trailer designed for travel on public roads and subject to motor vehicle registration;
- c. a "recreational vehicle" while off an insured location. "Recreational vehicle", means a motorized vehicle designed for recreation principally off public roads that is owned or leased by an insured. This includes, but is not limited to, a motorized all terrain vehicle, amphibious vehicle, dune buggy, go-cart, golf cart, snowmobile, trailbike, minibike and personal assistive mobility device;
- d. a "locomotive" while off an insured location. "Locomotive" means a self-propelled vehicle for pulling or pushing freight or passenger cars on tracks that is large enough to carry a person and is owned or leased by an insured;

e. a bulldozer, track loader, backhoe, high-hoe, trencher, grader, crane, self-propelled scraper, excavator, pipe-layer, cherry picker, telehandler, logging vehicle, mining vehicle or road building vehicle that is owned or leased by an insured while off an insured location;

f. any vehicle while being towed or pushed by or carried on a vehicle included in a., b., c., d. or e.;

g. the following are not motor vehicles:

(1) a motorized land vehicle in dead storage on an insured location;

(2) a boat, camp, home or utility trailer not being towed or pushed by or carried on a vehicle included in a., b., c., d. or e.;

(3) a motorized golf cart while used for golfing purposes;

(4) a motorized vehicle or trailer designed to assist the handicapped that is not designed for travel on public roads or subject to motor vehicle registration;

h. "leased" does not include temporary rental.

All other policy provisions apply.

FE-5452

TELECOMMUTER COVERAGE.

SECTION I - COVERAGES
COVERAGE A - DWELLING

The following replaces item 2.b.:

b. ~~used in whole or in part for business purposes unless such use consists solely of use of office space for paperwork, computer work or use of a telephone, and consists solely of activities that are:~~

~~(1) duties of the Insured's employment by another, and~~

~~(2) performed solely by the Insured.~~

FE-5831

BACK-UP OF SEWER OR DRAIN ENDORSEMENT (\$10,000 Limit)

SECTION I - LOSSES INSURED

We cover accidental direct physical loss to the dwelling used principally as a private residence on the **residence premises** shown in the **Declarations** and only the following personal property, while located in the dwelling:

1. clothes washers and dryers;
2. food freezers and the food in them;
3. refrigerators;
4. ranges;
5. portable dishwashers; and
6. dehumidifiers;

caused by or resulting from water or sewage from outside the **residence premises** plumbing system that enters through sewers or drains, or water which enters into and overflows from within a sump pump, sump pump well or any other system designed to remove subsurface water which is drained from the foundation area.

There is no coverage for other personal property.

This coverage does not apply if the loss is caused by your negligence.

Item c. of **Sudden and accidental discharge or overflow** of water or steam, shown below, is deleted:

- c. caused by or resulting from water or sewage from outside the **residence premises** plumbing system that enters through sewers or drains, or water which enters into and overflows from within a sump pump, sump pump well or any other system designed to remove subsurface water which is drained from the foundation area; or

SECTION I - LOSSES NOT INSURED

Item (2) of **Water Damage**, shown below, is deleted:

- (2) water or sewage from outside the **residence premises** plumbing system that enters through sewers or drains, or water which enters into and overflows from within a sump pump, sump pump well or any other system designed to remove subsurface water which is drained from the foundation area; or

Limit of Liability: The limit for this coverage shall not exceed \$10,000 in any one occurrence.

Deductible: The deductible amount shown in the **Declarations** under **DEDUCTIBLES - SECTION I**, but in no event less than \$1,000, will be deducted from each back-up of sewer or drain loss covered by this endorsement.

Other Insurance: If a loss covered by this endorsement is also covered by flood insurance, we will pay only for the amount of covered loss in excess of the amount due from that insurance.

All other policy provisions apply.

AMENDATORY DEBRIS REMOVAL ENDORSEMENT

SECTION I - ADDITIONAL COVERAGES

Item 1., Debris Removal is replaced with the following:

1. Debris Removal. We will pay the reasonable expenses you incur in the removal of debris of covered property damaged by a Loss Insured. This expense is included in the limit applying to the damaged property. The following coverages and limits also apply:
 - a. When the amount payable for the property damage plus the debris removal exceeds the limit for damaged property, an additional 5% of that limit is available for debris removal expense. This additional amount of insurance does not apply to Additional Coverage, item 3, Trees, Shrubs and Other Plants.
 - b. We will also pay up to \$500 in the aggregate for each loss to cover the reasonable expenses you incur in the removal of tree debris from the residence premises, unless otherwise excluded. This coverage applies when:
 - (1) the tree has caused a Loss Insured to Coverage A property; or
 - (2) the tree debris felled by windstorm, hail, or weight of snow or ice blocks:
 - (a) the driveway, on the residence premises, and prevents land motor vehicle access to or from the dwelling; or
 - (b) a ramp designed to assist the handicapped, on the residence premises and prevents access to or from the dwelling.

FE-5480



FE-5801 MANDATORY REPORTING ENDORSEMENT

The following **CONDITION** is added:

Duties of an Injured Person – Coverage M – Mandatory Reporting. The injured person, or, when appropriate, someone acting on behalf of that person, shall:

- a. provide us with any required authorizations; and
- b. submit to us all information we need to comply with state or federal law.

FE-5801

© Copyright, State Farm Mutual Automobile Insurance Company, 2009



2500 Memorial Boulevard
Memphis, TN 37131-0001

S-11- 1688-F330 H F

FIRST TRUST & SAVINGS BANK
PO BOX 4909
ONEIDA TN 37841-4909

Insured: SILCOX, TERESA

Location: 150 ROBERT BOSHEARS PVT LN
HUNTSVILLE TN 37756-5505

SFPP No: 0420036211

Loss Settlement Provisions (See Policy)
A1 Replacement Cost - Similar Construction
B1 Limited Replacement Cost - Coverage B

Forms, Options, and Endorsements

Homeowners Policy
Ordinance/Law 10% \$13,470
TN Amendatory Endorsement
Policy Endorsement
Fungus (Including Mold) Excl
Motor Vehicle Endorsement
Telecommuter Coverage
Back-Up Dwell/Listed Property
Amendatory Debris Removal
Mandatory Reporting Endorsement
Jewelry and Furs \$1,500/\$2,500

FP-7955.KT
OPT OL
FE-7242.4
FE-5320
FE-5398
FE-5452
FE-5831
FE-5706.1
FE-5480
FE-5801
OPT JF

INITIAL CERTIFICATE

POLICY NUMBER 42-KQ-4700-8

Homeowners Policy
JUL 31 2010 to JUL 31 2011

BILLED THROUGH SFPP

Coverages and Limits

Section I

A Dwelling		\$134,700
Dwelling Extension	Up To	13,470
B Personal Property		101,025
C Loss of Use		Actual Loss Sustained

Deductibles - Section I

All Losses	1,000
------------	-------

Section II

L Personal Liability	\$100,000
Damage to Property of Others	500
M Medical Payments to Others (Each Person)	1,000

Annual Premium	\$1,678.00
----------------	------------

Premium Reductions

Home/Auto Discount	396.00
Claim Free Discount	296.00

Inflation Coverage Index: 208.2

Please help us update the data used to determine your premium. Contact your agent with the year each of your home's utilities (heating/cooling, plumbing, or electrical) and roof were last updated.

Thanks for letting us serve you...

57442

901 M

Agent ROGER R BALDWIN
Telephone (423) 569-4363

If you have moved, please contact your agent.
See reverse side for important information.
Prepared JUN 16 2010

REP